

Introduced by Senator Steinberg

February 19, 2014

An act to amend Sections 34177, 34177.5, 34180, 34191.3, 34191.4, and 34191.5 of the Health and Safety Code, relating to redevelopment.

LEGISLATIVE COUNSEL'S DIGEST

SB 1129, as introduced, Steinberg. Redevelopment: successor agencies to redevelopment agencies.

(1) Existing law dissolved redevelopment agencies and community development agencies as of February 1, 2012, and provides for the designation of successor agencies to wind down the affairs of the dissolved redevelopment agencies and to, among other things, make payments due for enforceable obligations and to perform obligations required pursuant to any enforceable obligation. Existing law requires the Department of Finance to issue a finding of completion to a successor agency upon confirmation by the county auditor-controller that specified payments have been fully made by the successor agency, as specified. Existing law prohibits a successor agency from entering into contracts with, incur obligations, or make commitments to, any entity, as specified, or to amend or modify existing agreements, obligations, or commitments with any entity, for any purpose.

This bill would authorize a successor agency, if the successor agency has received a finding of completion, to enter into, or amend existing, contracts and agreements, or otherwise administer projects in connection with enforceable obligations, if the contract, agreement, or project will not commit new property tax funds or otherwise adversely affect the flow of specified tax revenues or payments to the taxing agencies, as specified.

(2) Existing law authorizes a successor agency to oversee the development of properties until the contracted work has been completed or the contractual obligation of the former redevelopment agency can be transferred to other parties, and requires bond proceeds to be used for the purposes for which bonds were sold, except as specified.

This bill would authorize a successor agency to utilize the proceeds of bonds issued during the 2011 calendar year, upon the approval of the oversight board, if the oversight board, in consultation with the relevant metropolitan planning organization determines that the use of the bond proceeds is consistent with the sustainable communities strategy adopted by the metropolitan planning organization.

(3) Existing law authorizes a successor agency to petition the Department of Finance to provide written confirmation that its determination relating to an enforceable obligation that provides for an irrevocable commitment of property tax revenue, as specified, is final and conclusive, and reflects the department's approval of subsequent payments made pursuant to the enforceable obligation.

This bill would require the removal of an enforceable obligation from a recognized obligation payment schedule that has received a finding of completion from the department to be submitted to the oversight board for review and approval.

(4) Existing law requires a city, county, or city and county that wishes to retain any properties or other assets for future redevelopment activities, funded from its own funds and under its own auspices, to reach a compensation agreement with the other taxing entities to provide payments to them in proportion to their shares of the base property tax for the value of the property retained, as specified.

This bill would specify that these provisions do not apply to the disposition of properties pursuant to a long-range property management plan.

(5) Existing law requires the disposition of assets and properties of the former redevelopment agency as directed by the oversight board, as specified, and suspends these requirements until the Department of Finance has approved a long-range property management plan, as specified. Upon approval of a long-range property management plan, the plan governs and supersedes, all other provisions relating to the disposition and use of the real property assets of the former redevelopment agency. Existing law requires the property of a former redevelopment agency to be disposed of according to law if the

department has not approved a long-range property management plan by January 1, 2015.

This bill would prohibit the department from requiring compensation agreements as part of the approval of a long-range property management plan and would specify the criteria the department may consider in approving a long-range property management plan. The bill would additionally delete the requirement that the department approve a plan by January 1, 2015, and instead require the department to approve long-range property management plans as expeditiously as possible.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 34177 of the Health and Safety Code is
2 amended to read:
3 34177. Successor agencies are required to do all of the
4 following:
5 (a) Continue to make payments due for enforceable obligations.
6 (1) On and after February 1, 2012, and until a Recognized
7 Obligation Payment Schedule becomes operative, only payments
8 required pursuant to an enforceable obligations payment schedule
9 shall be made. The initial enforceable obligation payment schedule
10 shall be the last schedule adopted by the redevelopment agency
11 under Section 34169. However, payments associated with
12 obligations excluded from the definition of enforceable obligations
13 by paragraph (2) of subdivision (d) of Section 34171 shall be
14 excluded from the enforceable obligations payment schedule and
15 be removed from the last schedule adopted by the redevelopment
16 agency under Section 34169 prior to the successor agency adopting
17 it as its enforceable obligations payment schedule pursuant to this
18 subdivision. The enforceable obligation payment schedule may
19 be amended by the successor agency at any public meeting and
20 shall be subject to the approval of the oversight board as soon as
21 the board has sufficient members to form a quorum. In recognition
22 of the fact that the timing of the California Supreme Court's ruling
23 in the case California Redevelopment Association v. Matosantos
24 (2011) 53 Cal.4th 231 delayed the preparation by successor
25 agencies and the approval by oversight boards of the January 1,
26 2012, through June 30, 2012, Recognized Obligation Payment

1 Schedule, a successor agency may amend the Enforceable
2 Obligation Payment Schedule to authorize the continued payment
3 of enforceable obligations until the time that the January 1, 2012,
4 through June 30, 2012, Recognized Obligation Payment Schedule
5 has been approved by the oversight board and by the Department
6 of Finance.

7 (2) The Department of Finance and the Controller shall each
8 have the authority to require any documents associated with the
9 enforceable obligations to be provided to them in a manner of their
10 choosing. Any taxing entity, the department, and the Controller
11 shall each have standing to file a judicial action to prevent a
12 violation under this part and to obtain injunctive or other
13 appropriate relief.

14 (3) Commencing on the date the Recognized Obligation Payment
15 Schedule is valid pursuant to subdivision (I), only those payments
16 listed in the Recognized Obligation Payment Schedule may be
17 made by the successor agency from the funds specified in the
18 Recognized Obligation Payment Schedule. In addition, after it
19 becomes valid, the Recognized Obligation Payment Schedule shall
20 supersede the Statement of Indebtedness, which shall no longer
21 be prepared nor have any effect under the Community
22 Redevelopment Law (Part 1 (commencing with Section 33000)).

23 (4) Nothing in the act adding this part is to be construed as
24 preventing a successor agency, with the prior approval of the
25 oversight board, as described in Section 34179, from making
26 payments for enforceable obligations from sources other than those
27 listed in the Recognized Obligation Payment Schedule.

28 (5) From February 1, 2012, to July 1, 2012, a successor agency
29 shall have no authority and is hereby prohibited from accelerating
30 payment or making any lump-sum payments that are intended to
31 prepay loans unless such accelerated repayments were required
32 prior to the effective date of this part.

33 (b) Maintain reserves in the amount required by indentures,
34 trust indentures, or similar documents governing the issuance of
35 outstanding redevelopment agency bonds.

36 (c) Perform obligations required pursuant to any enforceable
37 obligation.

38 (d) Remit unencumbered balances of redevelopment agency
39 funds to the county auditor-controller for distribution to the taxing
40 entities, including, but not limited to, the unencumbered balance

1 of the Low and Moderate Income Housing Fund of a former
2 redevelopment agency. In making the distribution, the county
3 auditor-controller shall utilize the same methodology for allocation
4 and distribution of property tax revenues provided in Section
5 34188.

6 (e) Dispose of assets and properties of the former redevelopment
7 agency as directed by the oversight board; provided, however, that
8 the oversight board may instead direct the successor agency to
9 transfer ownership of certain assets pursuant to subdivision (a) of
10 Section 34181. The disposal is to be done expeditiously and in a
11 manner aimed at maximizing value. Proceeds from asset sales and
12 related funds that are no longer needed for approved development
13 projects or to otherwise wind down the affairs of the agency, each
14 as determined by the oversight board, shall be transferred to the
15 county auditor-controller for distribution as property tax proceeds
16 under Section 34188. The requirements of this subdivision shall
17 not apply to a successor agency that has been issued a finding of
18 completion by the Department of Finance pursuant to Section
19 34179.7.

20 (f) Enforce all former redevelopment agency rights for the
21 benefit of the taxing entities, including, but not limited to,
22 continuing to collect loans, rents, and other revenues that were due
23 to the redevelopment agency.

24 (g) Effectuate transfer of housing functions and assets to the
25 appropriate entity designated pursuant to Section 34176.

26 (h) Expeditiously wind down the affairs of the redevelopment
27 agency pursuant to the provisions of this part and in accordance
28 with the direction of the oversight board.

29 (i) (1) Continue to oversee development of properties until the
30 contracted work has been completed or the contractual obligations
31 of the former redevelopment agency can be transferred to other
32 parties. Bond proceeds shall be used for the purposes for which
33 bonds were sold unless the purposes can no longer be achieved,
34 in which case, the proceeds may be used to defease the bonds.

35 (2) *Utilize, in accordance with paragraph (1) the proceeds of*
36 *bonds issued during the year 2011, upon approval of the oversight*
37 *board, if the oversight board, in consultation with the appropriate*
38 *metropolitan planning organization, determines that the use of the*
39 *bond proceeds is consistent with the sustainable communities*
40 *strategy adopted by the metropolitan planning organization.*

(j) Prepare a proposed administrative budget and submit it to the oversight board for its approval. The proposed administrative budget shall include all of the following:

(1) Estimated amounts for successor agency administrative costs for the upcoming six-month fiscal period.

(2) Proposed sources of payment for the costs identified in paragraph (1).

(3) Proposals for arrangements for administrative and operations services provided by a city, county, city and county, or other entity.

(k) Provide administrative cost estimates, from its approved administrative budget that are to be paid from property tax revenues deposited in the Redevelopment Property Tax Trust Fund, to the county auditor-controller for each six-month fiscal period.

(l) (1) Before each six-month fiscal period, prepare a Recognized Obligation Payment Schedule in accordance with the requirements of this paragraph. For each recognized obligation, the Recognized Obligation Payment Schedule shall identify one or more of the following sources of payment:

(A) Low and Moderate Income Housing Fund.

(B) Bond proceeds.

(C) Reserve balances.

(D) Administrative cost allowance.

(E) The Redevelopment Property Tax Trust Fund, but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation or by this part.

(F) Other revenue sources, including rents, concessions, asset sale proceeds, interest earnings, and any other revenues derived from the former redevelopment agency, as approved by the oversight board in accordance with this part.

(2) A Recognized Obligation Payment Schedule shall not be deemed valid unless all of the following conditions have been met:

(A) A Recognized Obligation Payment Schedule is prepared by the successor agency for the enforceable obligations of the former redevelopment agency. The initial schedule shall project the dates and amounts of scheduled payments for each enforceable obligation for the remainder of the time period during which the redevelopment agency would have been authorized to obligate property tax increment had the redevelopment agency not been dissolved.

1 (B) The Recognized Obligation Payment Schedule is submitted
2 to and duly approved by the oversight board. The successor agency
3 shall submit a copy of the Recognized Obligation Payment
4 Schedule to the county administrative officer, the county
5 auditor-controller, and the Department of Finance at the same time
6 that the successor agency submits the Recognized Obligation
7 Payment Schedule to the oversight board for approval.

8 (C) A copy of the approved Recognized Obligation Payment
9 Schedule is submitted to the county auditor-controller and both
10 the Controller's office and the Department of Finance and be posted
11 on the successor agency's Internet Web site.

12 (3) The Recognized Obligation Payment Schedule shall be
13 forward looking to the next six months. The first Recognized
14 Obligation Payment Schedule shall be submitted to the Controller's
15 office and the Department of Finance by April 15, 2012, for the
16 period of January 1, 2012, to June 30, 2012, inclusive. This
17 Recognized Obligation Payment Schedule shall include all
18 payments made by the former redevelopment agency between
19 January 1, 2012, through January 31, 2012, and shall include all
20 payments proposed to be made by the successor agency from
21 February 1, 2012, through June 30, 2012. Former redevelopment
22 agency enforceable obligation payments due, and reasonable or
23 necessary administrative costs due or incurred, prior to January 1,
24 2012, shall be made from property tax revenues received in the
25 spring of 2011 property tax distribution, and from other revenues
26 and balances transferred to the successor agency.

27 (m) The Recognized Obligation Payment Schedule for the period
28 of January 1, 2013, to June 30, 2013, shall be submitted by the
29 successor agency, after approval by the oversight board, no later
30 than September 1, 2012. Commencing with the Recognized
31 Obligation Payment Schedule covering the period July 1, 2013,
32 through December 31, 2013, successor agencies shall submit an
33 oversight board-approved Recognized Obligation Payment
34 Schedule to the Department of Finance and to the county
35 auditor-controller no fewer than 90 days before the date of property
36 tax distribution. The Department of Finance shall make its
37 determination of the enforceable obligations and the amounts and
38 funding sources of the enforceable obligations no later than 45
39 days after the Recognized Obligation Payment Schedule is
40 submitted. Within five business days of the department's

1 determination, a successor agency may request additional review
2 by the department and an opportunity to meet and confer on
3 disputed items. The meet and confer period may vary; an untimely
4 submittal of a Recognized Obligation Payment Schedule may result
5 in a meet and confer period of less than 30 days. The department
6 shall notify the successor agency and the county auditor-controllers
7 as to the outcome of its review at least 15 days before the date of
8 property tax distribution.

9 (1) The successor agency shall submit a copy of the Recognized
10 Obligation Payment Schedule to the Department of Finance
11 electronically, and the successor agency shall complete the
12 Recognized Obligation Payment Schedule in the manner provided
13 for by the department. A successor agency shall be in
14 noncompliance with this paragraph if it only submits to the
15 department an electronic message or a letter stating that the
16 oversight board has approved a Recognized Obligation Payment
17 Schedule.

18 (2) If a successor agency does not submit a Recognized
19 Obligation Payment Schedule by the deadlines provided in this
20 subdivision, the city, county, or city and county that created the
21 redevelopment agency shall be subject to a civil penalty equal to
22 ten thousand dollars (\$10,000) per day for every day the schedule
23 is not submitted to the department. The civil penalty shall be paid
24 to the county auditor-controller for allocation to the taxing entities
25 under Section 34183. If a successor agency fails to submit a
26 Recognized Obligation Payment Schedule by the deadline, any
27 creditor of the successor agency or the Department of Finance or
28 any affected taxing entity shall have standing to and may request
29 a writ of mandate to require the successor agency to immediately
30 perform this duty. Those actions may be filed only in the County
31 of Sacramento and shall have priority over other civil matters.
32 Additionally, if an agency does not submit a Recognized Obligation
33 Payment Schedule within 10 days of the deadline, the maximum
34 administrative cost allowance for that period shall be reduced by
35 25 percent.

36 (3) If a successor agency fails to submit to the department an
37 oversight board-approved Recognized Obligation Payment
38 Schedule that complies with all requirements of this subdivision
39 within five business days of the date upon which the Recognized
40 Obligation Payment Schedule is to be used to determine the amount

1 of property tax allocations, the department may determine if any
2 amount should be withheld by the county auditor-controller for
3 payments for enforceable obligations from distribution to taxing
4 entities, pending approval of a Recognized Obligation Payment
5 Schedule. The county auditor-controller shall distribute the portion
6 of any of the sums withheld pursuant to this paragraph to the
7 affected taxing entities in accordance with paragraph (4) of
8 subdivision (a) of Section 34183 upon notice by the department
9 that a portion of the withheld balances are in excess of the amount
10 of enforceable obligations. The county auditor-controller shall
11 distribute withheld funds to the successor agency only in
12 accordance with a Recognized Obligation Payment Schedule
13 approved by the department. County auditor-controllers shall lack
14 the authority to withhold any other amounts from the allocations
15 provided for under Section 34183 or 34188, unless required by a
16 court order.

17 (n) Cause a postaudit of the financial transactions and records
18 of the successor agency to be made at least annually by a certified
19 public accountant.

20 SEC. 2. Section 34177.5 of the Health and Safety Code is
21 amended to read:

22 34177.5. (a) In addition to the powers granted to each
23 successor agency, and notwithstanding anything in the act adding
24 this part, including, but not limited to, Sections 34162 and 34189,
25 a successor agency shall have the authority, rights, and powers of
26 the redevelopment agency to which it succeeded solely for the
27 following purposes:

28 (1) For the purpose of issuing bonds or incurring other
29 indebtedness to refund the bonds or other indebtedness of its former
30 redevelopment agency or of the successor agency to provide
31 savings to the successor agency, provided that (A) the total interest
32 cost to maturity on the refunding bonds or other indebtedness plus
33 the principal amount of the refunding bonds or other indebtedness
34 shall not exceed the total remaining interest cost to maturity on
35 the bonds or other indebtedness to be refunded plus the remaining
36 principal of the bonds or other indebtedness to be refunded, and
37 (B) the principal amount of the refunding bonds or other
38 indebtedness shall not exceed the amount required to defease the
39 refunded bonds or other indebtedness, to establish customary debt
40 service reserves, and to pay related costs of issuance. If the

1 foregoing conditions are satisfied, the initial principal amount of
2 the refunding bonds or other indebtedness may be greater than the
3 outstanding principal amount of the bonds or other indebtedness
4 to be refunded. The successor agency may pledge to the refunding
5 bonds or other indebtedness the revenues pledged to the bonds or
6 other indebtedness being refunded, and that pledge, when made
7 in connection with the issuance of such refunding bonds or other
8 indebtedness, shall have the same lien priority as the pledge of the
9 bonds or other obligations to be refunded, and shall be valid,
10 binding, and enforceable in accordance with its terms.

11 (2) For the purpose of issuing bonds or other indebtedness to
12 finance debt service spikes, including balloon maturities, provided
13 that (A) the existing indebtedness is not accelerated, except to the
14 extent necessary to achieve substantially level debt service, and
15 (B) the principal amount of the bonds or other indebtedness shall
16 not exceed the amount required to finance the debt service spikes,
17 including establishing customary debt service reserves and paying
18 related costs of issuance.

19 (3) For the purpose of amending an existing enforceable
20 obligation under which the successor agency is obligated to
21 reimburse a political subdivision of the state for the payment of
22 debt service on a bond or other obligation of the political
23 subdivision, or to pay all or a portion of the debt service on the
24 bond or other obligation of the political subdivision to provide
25 savings to the successor agency, provided that (A) the enforceable
26 obligation is amended in connection with a refunding of the bonds
27 or other obligations of the political subdivision so that the
28 enforceable obligation will apply to the refunding bonds or other
29 refunding indebtedness of the political subdivision, (B) the total
30 interest cost to maturity on the refunding bonds or other
31 indebtedness plus the principal amount of the refunding bonds or
32 other indebtedness shall not exceed the total remaining interest
33 cost to maturity on the bonds or other indebtedness to be refunded
34 plus the remaining principal of the bonds or other indebtedness to
35 be refunded, and (C) the principal amount of the refunding bonds
36 or other indebtedness shall not exceed the amount required to
37 defease the refunded bonds or other indebtedness, to establish
38 customary debt service reserves and to pay related costs of
39 issuance. The pledge set forth in that amended enforceable
40 obligation, when made in connection with the execution of the

1 amendment of the enforceable obligation, shall have the same lien
2 priority as the pledge in the enforceable obligation prior to its
3 amendment and shall be valid, binding, and enforceable in
4 accordance with its terms.

5 (4) For the purpose of issuing bonds or incurring other
6 indebtedness to make payments under enforceable obligations
7 when the enforceable obligations include the irrevocable pledge
8 of property tax increment, formerly tax increment revenues prior
9 to the effective date of this part, or other funds and the obligation
10 to issue bonds secured by that pledge. The successor agency may
11 pledge to the bonds or other indebtedness the property tax revenues
12 and other funds described in the enforceable obligation, and that
13 pledge, when made in connection with the issuance of the bonds
14 or the incurring of other indebtedness, shall be valid, binding, and
15 enforceable in accordance with its terms. This paragraph shall not
16 be deemed to authorize a successor agency to increase the amount
17 of property tax revenues pledged under an enforceable obligation
18 or to pledge any property tax revenue not already pledged pursuant
19 to an enforceable obligation. This paragraph does not constitute a
20 change in, but is declaratory of, the existing law.

21 (b) The refunding bonds authorized under this section may be
22 issued under the authority of Article 11 (commencing with Section
23 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the
24 Government Code, and the refunding bonds may be sold at public
25 or private sale, or to a joint powers authority pursuant to the
26 Marks-Roos Local Bond Pooling Act (Article 4 (commencing with
27 Section 6584) of Chapter 5 of Division 7 of Title 1 of the
28 Government Code).

29 (c) (1) Prior to incurring any bonds or other indebtedness
30 pursuant to this section, the successor agency may subordinate to
31 the bonds or other indebtedness the amount required to be paid to
32 an affected taxing entity pursuant to paragraph (1) of subdivision
33 (a) of Section 34183, provided that the affected taxing entity has
34 approved the subordinations pursuant to this subdivision.

35 (2) At the time the successor agency requests an affected taxing
36 entity to subordinate the amount to be paid to it, the successor
37 agency shall provide the affected taxing entity with substantial
38 evidence that sufficient funds will be available to pay both the debt
39 service on the bonds or other indebtedness and the payments

1 required by paragraph (1) of subdivision (a) of Section 34183,
2 when due.

3 (3) Within 45 days after receipt of the agency's request, the
4 affected taxing entity shall approve or disapprove the request for
5 subordination. An affected taxing entity may disapprove a request
6 for subordination only if it finds, based upon substantial evidence,
7 that the successor agency will not be able to pay the debt service
8 payments and the amount required to be paid to the affected taxing
9 entity. If the affected taxing entity does not act within 45 days after
10 receipt of the agency's request, the request to subordinate shall be
11 deemed approved and shall be final and conclusive.

12 (d) An action may be brought pursuant to Chapter 9
13 (commencing with Section 860) of Title 10 of Part 2 of the Code
14 of Civil Procedure to determine the validity of bonds or other
15 obligations authorized by this section, the pledge of revenues to
16 those bonds or other obligations authorized by this section, the
17 legality and validity of all proceedings theretofore taken and, as
18 provided in the resolution of the legislative body of the successor
19 agency authorizing the bonds or other obligations authorized by
20 this section, proposed to be taken for the authorization, execution,
21 issuance, sale, and delivery of the bonds or other obligations
22 authorized by this section, and for the payment of debt service on
23 the bonds or the payment of amounts under other obligations
24 authorized by this section. Subdivision (c) of Section 33501 shall
25 not apply to any such action. The Department of Finance shall be
26 notified of the filing of any action as an affected party.

27 (e) Notwithstanding any other law, including, but not limited
28 to, Section 33501, an action to challenge the issuance of bonds,
29 the incurrence of indebtedness, the amendment of an enforceable
30 obligation, or the execution of a financing agreement by a successor
31 agency shall be brought within 30 days after the date on which the
32 oversight board approves the resolution of the successor agency
33 approving the issuance of bonds, the incurrence of indebtedness,
34 the amendment of an enforceable obligation, or the execution of
35 a financing agreement authorized under this section.

36 (f) The actions authorized in this section shall be subject to the
37 approval of the oversight board, as provided in Section 34180.
38 Additionally, an oversight board may direct the successor agency
39 to commence any of the transactions described in subdivision (a)
40 so long as the successor agency is able to recover its related costs

1 in connection with the transaction. After a successor agency, with
2 approval of the oversight board, issues any bonds, incurs any
3 indebtedness, or executes an amended enforceable obligation
4 pursuant to subdivision (a), the oversight board shall not
5 unilaterally approve any amendments to or early termination of
6 the bonds, indebtedness, or enforceable obligation. If, under the
7 authority granted to it by subdivision (h) of Section 34179, the
8 Department of Finance either reviews and approves or fails to
9 request review within five business days of an oversight board
10 approval of an action authorized by this section, the scheduled
11 payments on the bonds or other indebtedness shall be listed in the
12 Recognized Obligation Payment Schedule and shall not be subject
13 to further review and approval by the department or the Controller.
14 The department may extend its review time to 60 days for actions
15 authorized in this section and may seek the assistance of the
16 Treasurer in evaluating proposed actions under this section.

17 (g) Any bonds, indebtedness, or amended enforceable obligation
18 authorized by this section shall be considered indebtedness incurred
19 by the dissolved redevelopment agency, with the same legal effect
20 as if the bonds, indebtedness, financing agreement, or amended
21 enforceable obligation had been issued, incurred, or entered into
22 prior to June 29, 2011, in full conformity with the applicable
23 provisions of the Community Redevelopment Law that existed
24 prior to that date, shall be included in the successor agency's
25 Recognized Obligation Payment Schedule, and shall be secured
26 by a pledge of, and lien on, and shall be repaid from moneys
27 deposited from time to time in the Redevelopment Property Tax
28 Trust Fund established pursuant to subdivision (c) of Section
29 34172, as provided in paragraph (2) of subdivision (a) of Section
30 34183. Property tax revenues pledged to any bonds, indebtedness,
31 or amended enforceable obligations authorized by this section are
32 taxes allocated to the successor agency pursuant to subdivision (b)
33 of Section 33670 and Section 16 of Article XVI of the California
34 Constitution.

35 (h) The successor agency shall make diligent efforts to ensure
36 that the lowest long-term cost financing is obtained. The financing
37 shall not provide for any bullets or spikes and shall not use variable
38 rates. The successor agency shall make use of an independent
39 financial advisor in developing financing proposals and shall make

1 the work products of the financial advisor available to the
2 Department of Finance at its request.

3 (i) (1) If an enforceable obligation provides for an irrevocable
4 commitment of property tax revenue and where allocation of such
5 revenues is expected to occur over time, the successor agency may
6 petition the Department of Finance to provide written confirmation
7 that its determination of such enforceable obligation as approved
8 in a Recognized Obligation Payment Schedule is final and
9 conclusive, and reflects the department's approval of subsequent
10 payments made pursuant to the enforceable obligation. If the
11 confirmation is granted, then the department's review of such
12 payments in future Recognized Obligation Payment Schedules
13 shall be limited to confirming that they are required by the prior
14 enforceable obligation.

15 (2) *Prior to removal of an enforceable obligation from a*
16 *recognized obligation payment schedule for a successor agency*
17 *that has received a finding of completion from the Department of*
18 *Finance under Section 34179.7, the action shall be submitted to*
19 *the oversight board for review and approval.*

20 (j) The successor agency may request that the department
21 provide a written determination to waive the two-year statute of
22 limitations on an action to review the validity of the adoption or
23 amendment of a redevelopment plan pursuant to subdivision (c)
24 of Section 33500 or on any findings or determinations made by
25 the agency pursuant to subdivision (d) of Section 33500. The
26 department at its discretion may provide a waiver if it determines
27 it is necessary for the agency to fulfill an enforceable obligation.

28 SEC. 3. Section 34180 of the Health and Safety Code is
29 amended to read:

30 34180. All of the following successor agency actions shall first
31 be approved by the oversight board:

32 (a) The establishment of new repayment terms for outstanding
33 loans where the terms have not been specified prior to the date of
34 this part. An oversight board shall not have the authority to
35 reestablish loan agreements between the successor agency and the
36 city, county, or city and county that formed the redevelopment
37 agency except as provided in Chapter 9 (commencing with Section
38 34191.1).

39 (b) The issuance of bonds or other indebtedness or the pledge
40 or agreement for the pledge of property tax revenues (formerly tax

1 increment prior to the effective date of this part) pursuant to
2 subdivision (a) of Section 34177.5.

3 (c) Setting aside of amounts in reserves as required by
4 indentures, trust indentures, or similar documents governing the
5 issuance of outstanding redevelopment agency bonds.

6 (d) Merging of project areas.

7 (e) Continuing the acceptance of federal or state grants, or other
8 forms of financial assistance from either public or private sources,
9 if that assistance is conditioned upon the provision of matching
10 funds, by the successor entity as successor to the former
11 redevelopment agency, in an amount greater than 5 percent.

12 (f) (1) If a city, county, or city and county wishes to retain any
13 properties or other assets for future redevelopment activities,
14 funded from its own funds and under its own auspices, it must
15 reach a compensation agreement with the other taxing entities to
16 provide payments to them in proportion to their shares of the base
17 property tax, as determined pursuant to Section 34188, for the
18 value of the property retained.

19 (2) If no other agreement is reached on valuation of the retained
20 assets, the value will be the fair market value as of the 2011
21 property tax lien date as determined by an independent appraiser
22 approved by the oversight board.

23 (3) *This subdivision does not apply to the disposition of*
24 *properties pursuant to a long-range property management plan.*

25 (g) Establishment of the Recognized Obligation Payment
26 Schedule.

27 (h) A request by the successor agency to enter into an agreement
28 with the city, county, or city and county that formed the
29 redevelopment agency that it is succeeding. An oversight board
30 shall not have the authority to reestablish loan agreements between
31 the successor agency and the city, county, or city and county that
32 formed the redevelopment agency except as provided in Chapter
33 9 (commencing with Section 34191.1). Any actions to reestablish
34 any other agreements that are in furtherance of enforceable
35 obligations, with the city, county, or city and county that formed
36 the redevelopment agency are invalid until they are included in an
37 approved and valid Recognized Obligation Payment Schedule.

38 (i) A request by a successor agency or taxing entity to pledge,
39 or to enter into an agreement for the pledge of, property tax
40 revenues pursuant to subdivision (b) of Section 34178.

1 (j) Any document submitted by a successor agency to an
2 oversight board for approval by any provision of this part shall
3 also be submitted to the county administrative officer, the county
4 auditor-controller, and the Department of Finance at the same time
5 that the successor agency submits the document to the oversight
6 board.

7 SEC. 4. Section 34191.3 of the Health and Safety Code is
8 amended to read:

9 34191.3. Notwithstanding Section 34191.1, the requirements
10 specified in subdivision (e) of Section 34177 and subdivision (a)
11 of Section 34181 shall be suspended, except as those provisions
12 apply to the transfers for governmental use, until the Department
13 of Finance has approved a long-range property management plan
14 pursuant to subdivision (b) of Section 34191.5, at which point the
15 plan shall govern, and supersede all other provisions relating to,
16 the disposition and use of the real property assets of the former
17 redevelopment agency, *including, but not limited to, subdivision*
18 *(f) of Section 34180.* ~~If the department has not approved a plan by~~
19 ~~January 1, 2015, subdivision (e) of Section 34177 and subdivision~~
20 ~~(a) of Section 34181 shall be operative with respect to that~~
21 ~~successor agency.~~

22 SEC. 5. Section 34191.4 of the Health and Safety Code is
23 amended to read:

24 34191.4. The following provisions shall apply to any successor
25 agency that has been issued a finding of completion by the
26 Department of Finance:

27 (a) All real property and interests in real property identified in
28 subparagraph (C) of paragraph (5) of subdivision (c) of Section
29 34179.5 shall be transferred to the Community Redevelopment
30 Property Trust Fund of the successor agency upon approval by the
31 Department of Finance of the long-range property management
32 plan submitted by the successor agency pursuant to subdivision
33 (b) of Section 34191.7 unless that property is subject to the
34 requirements of any existing enforceable obligation.

35 (b) (1) Notwithstanding subdivision (d) of Section 34171, upon
36 application by the successor agency and approval by the oversight
37 board, loan agreements entered into between the redevelopment
38 agency and the city, county, or city and county that created by the
39 redevelopment agency shall be deemed to be enforceable

1 obligations provided that the oversight board makes a finding that
2 the loan was for legitimate redevelopment purposes.

3 (2) If the oversight board finds that the loan is an enforceable
4 obligation, the accumulated interest on the remaining principal
5 amount of the loan shall be recalculated from origination at the
6 interest rate earned by funds deposited into the Local Agency
7 Investment Fund. The loan shall be repaid to the city, county, or
8 city and county in accordance with a defined schedule over a
9 reasonable term of years at an interest rate not to exceed the interest
10 rate earned by funds deposited into the Local Agency Investment
11 Fund. The annual loan repayments provided for in the recognized
12 obligations payment schedules shall be subject to all of the
13 following limitations:

14 (A) Loan repayments shall not be made prior to the 2013–14
15 fiscal year. Beginning in the 2013–14 fiscal year, the maximum
16 repayment amount authorized each fiscal year for repayments
17 made pursuant to this subdivision and paragraph (7) of subdivision
18 (e) of Section 34176 combined shall be equal to one-half of the
19 increase between the amount distributed to the taxing entities
20 pursuant to paragraph (4) of subdivision (a) of Section 34183 in
21 that fiscal year and the amount distributed to taxing entities
22 pursuant to that paragraph in the 2012–13 base year. Loan or
23 deferral repayments made pursuant to this subdivision shall be
24 second in priority to amounts to be repaid pursuant to paragraph
25 (7) of subdivision (e) of Section 34176.

26 (B) Repayments received by the city, county or city and county
27 that formed the redevelopment agency shall first be used to retire
28 any outstanding amounts borrowed and owed to the Low and
29 Moderate Income Housing Fund of the former redevelopment
30 agency for purposes of the Supplemental Educational Revenue
31 Augmentation Fund and shall be distributed to the Low and
32 Moderate Income Housing Asset Fund established by subdivision
33 (d) of Section 34176.

34 (C) Twenty percent of any loan repayment shall be deducted
35 from the loan repayment amount and shall be transferred to the
36 Low and Moderate Income Housing Asset Fund, after all
37 outstanding loans from the Low and Moderate Income Housing
38 Fund for purposes of the Supplemental Educational Revenue
39 Augmentation Fund have been paid.

(c) (1) Bond proceeds derived from bonds issued on or before December 31, 2010, shall be used for the purposes for which the bonds were sold.

(2) (A) Notwithstanding Section 34177.3 or any other conflicting provision of law, bond proceeds in excess of the amounts needed to satisfy approved enforceable obligations shall thereafter be expended in a manner consistent with the original bond covenants. Enforceable obligations may be satisfied by the creation of reserves for projects that are the subject of the enforceable obligation and that are consistent with the contractual obligations for those projects, or by expending funds to complete the projects. An expenditure made pursuant to this paragraph shall constitute the creation of excess bond proceeds obligations to be paid from the excess proceeds. Excess bond proceeds obligations shall be listed separately on the Recognized Obligation Payment Schedule submitted by the successor agency.

(B) If remaining bond proceeds cannot be spent in a manner consistent with the bond covenants pursuant to subparagraph (A), the proceeds shall be used to defease the bonds or to purchase those same outstanding bonds on the open market for cancellation.

(d) Notwithstanding subdivision (b) of Section 34163, if a successor agency has received a finding of completion, the successor agency may enter into, or amend existing, contracts and agreements, or otherwise administer projects in connection with enforceable obligations approved pursuant to subdivision (m) of Section 34177, including the substitution of private developer capitol in a disposition and development agreement that has been deemed an enforceable obligation, if the contract, agreement, or project will not commit new property tax funds, and will not otherwise reduce property tax revenues or payments made pursuant to paragraph (4) of subdivision (a) of Section 34183 to the taxing agencies.

SEC. 6. Section 34191.5 of the Health and Safety Code is amended to read:

34191.5. (a) There is hereby established a Community Redevelopment Property Trust Fund, administered by the successor agency, to serve as the repository of the former redevelopment agency's real properties identified in subparagraph (C) of paragraph (5) of subdivision (c) of Section 34179.5.

1 (b) The successor agency shall prepare a long-range property
2 management plan that addresses the disposition and use of the real
3 properties of the former redevelopment agency. The report shall
4 be submitted to the oversight board and the Department of Finance
5 for approval no later than six months following the issuance to the
6 successor agency of the finding of completion.

7 (c) The long-range property management plan shall do all of
8 the following:

9 (1) Include an inventory of all properties in the trust. The
10 inventory shall consist of all of the following information:

11 (A) The date of the acquisition of the property and the value of
12 the property at that time, and an estimate of the current value of
13 the property.

14 (B) The purpose for which the property was acquired.

15 (C) Parcel data, including address, lot size, and current zoning
16 in the former agency redevelopment plan or specific, community,
17 or general plan.

18 (D) An estimate of the current value of the parcel including, if
19 available, any appraisal information.

20 (E) An estimate of any lease, rental, or any other revenues
21 generated by the property, and a description of the contractual
22 requirements for the disposition of those funds.

23 (F) The history of environmental contamination, including
24 designation as a brownfield site, any related environmental studies,
25 and history of any remediation efforts.

26 (G) A description of the property's potential for transit-oriented
27 development and the advancement of the planning objectives of
28 the successor agency.

29 (H) A brief history of previous development proposals and
30 activity, including the rental or lease of property.

31 (2) Address the use or disposition of all of the properties in the
32 trust. Permissible uses include the retention of the property for
33 governmental use pursuant to subdivision (a) of Section 34181,
34 the retention of the property for future development, the sale of
35 the property, or the use of the property to fulfill an enforceable
36 obligation. The plan shall separately identify and list properties in
37 the trust dedicated to governmental use purposes and properties
38 retained for purposes of fulfilling an enforceable obligation. With
39 respect to the use or disposition of all other properties, all of the
40 following shall apply:

(A) If the plan directs the use or liquidation of the property for a project identified in an approved redevelopment plan, the property shall transfer to the city, county, or city and county.

(B) If the plan directs the liquidation of the property or the use of revenues generated from the property, such as lease or parking revenues, for any purpose other than to fulfill an enforceable obligation or other than that specified in subparagraph (A), the proceeds from the sale shall be distributed as property tax to the taxing entities.

(C) Property shall not be transferred to a successor agency, city, county, or city and county, unless the long-range property management plan has been approved by the oversight board and the Department of Finance.

(d) The department shall not require a compensation agreement or agreements as part of the approval of a long-range property management plan.

(e) The department shall only consider whether the long-range property management plan makes a good faith effort to address the requirements set forth in subdivision (c).

(f) The department shall approve long-range property management plans as expeditiously as possible.

CORRECTIONS:

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